

30% Club Japan Investor Group

ANNUAL REPORT 2021



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Introduction

The 30% Club Japan Investor Group, which consists of institutional investors, is one of the working groups of the 30% Club Japan and was officially launched on 1 May 2019. As of the end of December 2021, we have 28 member companies and has grown into a highly influential organization.

The institutional investors in the Investor Group believe that board composition and leadership are important for sustainable growth in corporate value, and that companies with diverse perspectives are better able to make decisions. Diversity in terms of gender, nationality, age and background is becoming more and more important. In this context, we believe that Japanese companies should focus on gender first, so that other aspects of diversity can be promoted and the potential for sustainable growth in corporate value will be enhanced.

This report shares the work of the Investor Group, with a particular focus on the Best Practice Subgroup's work on the collection and sharing of best practice in engagement. In addition, the report provides an overview of recent progress in improving corporate governance in Japan, an institutional investor's perspective on gender and diversity, and comments from experts in each area. The series of interviews with female directors conducted by the Thought Leadership Subgroup have been enhanced since last year. The interviews are very thought-provoking and cover topics such as the relevance of diversity to boards and corporate governance, how to develop female employees, their views on corporate growth strategies, and their own career histories. We expect that our work on the thought leadership will create more opportunities for both companies and investors to raise awareness and promote mutual understanding. We hope that all the listed companies and institutional investors will find this report useful in the day-to-day engagement activities.



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About 30% Club Japan

History of the 30% Club

Founded in the United Kingdom in 2010, 30% Club is a global campaign to increase the proportion of women on boards and other key decision-making bodies in companies to achieve sustainable growth. Only the top executives (president, chairman, board chairman) who agree with the aims of the 30% Club can become members. It is currently deployed in 18 countries and regions, and the number has been increasing every year.

The name “The 30% Club” comes from the fact that the minimum number of people needed to influence a decision, “the critical mass” is 30%.

Features of the 30% Club

The 30% Club has made a significant contribution to increasing the proportion of women on boards in the countries where it operates, and its success can be attributed to its ‘integrated approach’. The various sectors that are important in achieving gender equality share common goals and work in a mutually reinforcing way to achieve gender equality in more effective and efficient manners. The 30% Club works not only with companies, but also with financial institutions (especially institutional investors), media, universities, governments, professional services firms (consulting firms, law firms, etc.) and Executive Search Firms.

The 30% Club Japan

In Japan, Michiko Tadamatsu of Deloitte Tohmatsu Consulting LLC (at the time) established a branch in Japan and officially started its activities as the 30% Club Japan on 1 May 2019. In July of the same year, Mr. Masahiko Uotani (President and CEO, Shiseido Co., Ltd.) was appointed as the first Chairperson. The number of members has increased from 30 at the time of establishment to 73 as of September 2021.

*Please refer to the 30% Club Japan website for the member list.

Our Goal and the Progress to Date

- Increase the ratio of female executives in the top 100 TOPIX companies to be **30%** by 2030

*Executives are defined as board of directors and auditors.

- The ratio of female executives in TOPIX100 as of the end of June 2021: **14.8%**

Reference: The ratio of female directors is 14.2%

- The ratio of female executives in TOPIX400 as of the end of June 2021: **11.8%**

Reference: The ratio of female directors is 11.7%

(Note: Calculated by the Investor Group based on the data of IR Japan, companies’ annual reports, etc.)

- Companies in TOPIX100 with no female executives: **3**

Reference: Seven companies have no female directors

2

Developments on Diversity in Japan in 2021

Revision of the Corporate Governance Code

The Corporate Governance Code, which was revised in June 2021, requires “Approach to ensuring diversity in core human resources (promotion of women, foreigners, mid-career employees, etc.) and establishment and disclosure of voluntary and measurable targets” and “Disclosure of policies for human resource development and internal environmental improvement for ensuring diversity and the status of their implementation”. Diversity encompasses a variety of concepts, and Japan lags behind other countries in terms of gender, nationality, and age. Among these, 30% Club Japan Investor Group is paying attention to gender diversity. We hope that this code revision will lead to further progress in ensuring diversity in Japanese companies.

In order to respond to the new business environment in the post-Covid era, we believe it is necessary to enhance our ability to create innovation, respond to changes in the business environment, and compete for human resources. To this end, we recognize that ensuring diversity is essential for corporate management.

From the perspective of institutional investors, what we expect the investee companies is not only to increase the ratio of female directors and corporate auditors, but also to make efforts to increase the ratio of women in the company’s talent pool. In order to do this, companies need to take many measures, such as improving the working environment. Above all, it is important for top management to communicate the reasons for the need for diversity and its goals both inside and outside the company, and to make employees aware of the importance of diversity. It often takes time to see the benefits of promoting diversity, and some companies find it difficult to disseminate the importance of diversity throughout the company. We look forward to the continued efforts of management through the D&I Committee and other means.

At the same time as securing the diversity of human resources through recruitment, etc., the awareness of the accepting side such as managers (Inclusion) will become very important. Unconscious bias is often an obstacle to inclusion, and we expect to implement measures to change the awareness of managers through in-house training and other means.



Mr. Hiroki Sampei

A member of the Stewardship Code and the Corporate Governance Code Follow-up Meeting Mr. Hiroki Sampei, Representative of The Astonering Advisor GK

The consistent keyword in this revision of the Corporate Governance Code is “change.” Companies must anticipate changes and revisit their purpose; that is, they must be highly receptive to various perspectives. Therefore, the importance of incorporating different opinions and ideas (D&I) is emphasized. In the previous revision in 2018, the necessity of the board diversity had been emphasized, while the revision in 2021 deepens and broadens the spirit of the diversity to the entire company. Now the new code requires the listed companies to face a challenge with help of different views

and ideas. I believe that D&I is based on the “emphasis on the individual” and the “autonomy of each individual.” I would like to expect 30% Club Japan’s activities should promote the creation of a system to establish and penetrate D&I to the society and also raise the awareness of the importance of diversity.

Research on Gender Investment by the Cabinet Office

In March 2021, the Gender Equality Bureau of the Cabinet Office issued the Report on the Study of Gender Investment. The purpose of the survey was to collect examples of gender investment in Japan and overseas, and to promote gender investment through analysis of these examples. The survey also included interviews with capital market participants about their efforts and information, and several members of the Investor Group also participated. In addition to the ratio of female directors, the top management’s commitment and management strategy are considered important issues for institutional investors, and it is expected that quantitative information disclosure will be expanded and future targets will be presented. The initiatives of the 30% Club Japan initiative were also mentioned in the report. With regard to diversity issues, the report points out the importance of being aware of foreign perspectives, and the importance of engaging a wide range of companies and capital market players who have not previously been positive about diversity through the integrated approach that the 30% Club Japan aims for.

● The Report on the Study of Gender Investment

https://www.gender.go.jp/policy/mieruka/company/pdf/r2gender_lens_investing_research_02.pdf

Hiroko Tokuda, Head of ESG, Japan Investment Advisory Association Planning Committee member of Gender Investment Study

Interest in gender investment among institutional investors has clearly increased in recent years. The most common piece of information on gender diversity that institutional investors use is the female executive ratio; in our survey, approximately 80% of investors responded that they use it. Institutional investors seek information on the composition of the board of directors and initiatives to promote the advancement of women, because they believe that such information is relevant to improving the medium-to long-term value of the company. In the future, the gender issue will become more relevant than ever in the engagement between companies and institutional investors. I believe that a deeper and mutual understanding of the significance of a company’s gender diversity initiatives will further enhance the effectiveness of these initiatives.

Gender Equality Bureau Cabinet Office – Intensive Policy 2021

In June 2021, the Intensive Policy for Gender Equality and the Empowerment of Women was announced. The Policy defines priority issues to be addressed in order to achieve the goals and implement the measures set out in “the Fifth Basic Plan for Gender Equality”. The Policy also include various initiatives aimed at promoting women in the workplace.

● Intensive Policy for Gender Equality and Empowerment of Women 2021

https://www.gender.go.jp/english_contents/index.html



Hiroko Tokuda



3

Activities of the 30% Club Japan Investor Group

Activities and Goals of the Investor Group

The Investor Group is a working group consists of institutional investors. The purpose of the Group is to enhance the medium- to long-term corporate value of the companies they invest in and to maximize shareholders value by promoting corporate gender diversity.

Institutional investors participating in the Investor Group promote stewardship activities based on the belief that improving diversity contributes to sustainable growth in corporate value.

The members have agreed to the Statement of Intent and will act in their sole discretion and in accordance with their own internal policies and procedures, including those relating to confidentiality and anti-trust matters.

Investor Group Engagement Principles and Role of Institutional Investors

In the investment chain, investee companies and institutional investors have a win-win relationship that shares the goals of sustainable corporate value expansion and long-term investment performance. Based on such relationships and mutual trust, one of the important roles of institutional investors is to engage in constructive dialogue (engagement) and discuss various measures to achieve sustainable growth in corporate value through improvement of gender diversity.

Engagement Principles

The basic principles of the Investor Group's engagement are as follows:

- The Investor Group aims for 30% of women to participate in board meetings and executive management as a critical mass, influencing decision-making and leading to sustainable growth in corporate value. In Japan, however, there is a significant shortage of talented people with business- experience, and we recognize that the environment in which each company and industry is placed differs. Therefore, it is important for companies to recognize the benefits of diverse organizations on their boards and to pragmatically consider the appropriate level of diversity at the top management level.
- For companies that do not have diversity initiatives, discussions may take place through opportunities such as engagement in a manner that is consistent with the guidelines and policies of individual investors.
- Investors in the Investor Group will share the company's challenges through engagement and communicate the importance of gender diversity as they discuss solutions.
- The Investor Group will, to the extent permitted by law, share and discuss ideas, engagement results and know-how regarding the appropriate level of diversity of the company, and make efforts to enhance each company's engagement. Public institutions will work on a best-effort basis within legal constraints.



Ms. Shiho Konno

Exchanging opinions with the Japan Federation of Bar Associations and the Japanese Institute of Certified Public Accountants

In order to enhance our understanding of corporate governance and gender diversity initiatives, the Investor Group hold meetings with female independent directors to exchange ideas. In addition to gaining a better understanding of the activities and challenges faced by female independent directors, we also communicate to them what we would like to see in the corporate governance of Japanese companies from the perspective of institutional investors.

Meeting with Japan Federation of Bar Associations (JFBA)

Held in person and online simultaneously on 23 March 2021

JFBA compiles a list of female lawyer members and female foreign special members who are interested in becoming candidates for independent directors and auditors, and provides this list to companies that are considering appointing female independent directors. The Best Practice Subgroup of the 30% Club Japan held a meeting with the members of the Committee on Realization of a Gender-Equal Society at the Japan Federation of Bar Associations (the Project Team for Female Lawyers Outside Officers) to discuss the following points.

- How a lawyer can contribute to strengthening corporate governance
- Expectations to enhance supervisory functions through the diversity of the Board
- Roles of Nomination and Remuneration Committees and Chairmen of the Board
- Importance of the role of the Board Secretariat

Ms. Shiho Konno, Representative Attorney at Shiho Konno Habataki Law Office, A member of Committee on Realization of a Gender-Equal Society at the Japan Federation of Bar Associations (leading the Project Team for Female Lawyers Outside Officers)

I learned a lot from the opportunity to hear the opinions of institutional investors. Investors are encouraged by the outside world to reach out to companies from within as board members who are outside directors. I felt that they are working hard to improve corporate value over the medium to long term while building a cooperative relationship.

Meeting with Japan Institute of Certified Public Accountants (JICPA)

Held in person and online simultaneously on 8 April 2021

We held a meeting to exchange opinions with female directors who belong to the Board Support Committee as CPAs. This is the second meeting with JICPA following the first one held in November 2020. We discussed what measures could be taken to improve corporate governance and diversity in order to increase corporate values. There were active opinions from both sides on the following points.

- Enhancement of supervisory functions and roles required of independent directors
- Roles and Importance of Nomination and Remuneration Committees
- Needs for a support system for the activities of independent directors
- Feedback from the capital market of corporate governance



Best Practice of Engagement –Case Study

Company A (Retail)

Case

1

Issues identified by Investor Group X

— Company A is a leading retailer and is a TOPIX 100 company. The company has promoted development of diverse talents, and Investor Group X has evaluated that steady progress has been made, including the establishment of an expert committee to promote diversity and efforts to improve work-life balance. They were also proactive in enhancing transparency, and their existing disclosures including the historical changes in the ratio of female managers and employees have been especially beneficial for investors. As a result, the company was relatively advanced in terms of development of female leaders, but they did not have any female directors. While Investor Group X welcomed that the Company A refreshed independent directors considering the diversity of the skill set and balance of the board of directors, they engaged with the company to discuss the possibility of appointing female directors, taking into account the characteristics of its product and the customer base, and thinking that it might lead to the further revitalization of the board of directors and diverse discussions.

Engagement Details and Comments from the Company

— Investor Group X has had multi-year engagement with the management teams of Company A, and has been able to share awareness of the board diversity. In the past, they had focused on adding the perspective of a person with experience in corporate management to the board. But the company explained that it now has several people with management experience from different companies and that they are now considering appointing female or younger directors. Investor Group X learned that the company is aware of the need to improve diversity from the perspective of improving the board effectiveness. It was also confirmed that the company recognizes that the development of female leaders internally is necessary for further business growth. During the recent discussions about the board composition and the process of selecting director candidates including women candidates, the company explained to the investor group that its Nomination and Compensation Committee have pointed out that the promotion of female directors is an urgent issue. In addition, the independent directors have suggested that enhancement of sustainability initiatives and disclosure are also very important.

Engagement Results and Future Prospects

— At the Annual General Meeting held in June 2021, two female directors were newly appointed. One is an independent director with DX expertise, which is in line with Company A's strategic direction and will also contribute to the skill set diversity of the board. The other is a director from within the company who has been promoting human resource diversity for more than six years. Investor Group X believes these appointments will contribute to a better board composition and the diversity, and lead to promote internal initiatives to improve employees' motivations in the development of next-generation leaders. Going forward, Investor Group X would like to confirm through future engagements the status of revitalization of the board meetings through the participation of female directors, as well as their contribution to the promotion of female leadership in the entire company.

Company B (Ceramics and Clay products)

Issues identified by Investor Group Y

— Company B, one of TOPIX Mid 400 companies, is a major material manufacturer in the ceramic and clay products industry. Just like other upstream materials companies, the ratio of female employees and managers is not high. As the main capital of the company is a factory that produces materials for the infrastructure industry 24 hours a day, using fossil raw materials from mines and waste and by-products as raw materials and fuels; this might have made it difficult for women to play an active role in this area.

It is estimated that these industry characteristics have influenced the company's women-related indicators, including those in the non-manufacturing divisions. Nonetheless, Company B has positioned "Diversity" as one of its three long-term CSR goals that were set in 2015, and has set aggressive targets of the female employment ratio in career-track positions, female employees' ratio and the appointment of women to management positions, and are working to achieve these targets. In light of this, Investor Group Y has started a "Dialogue on Objectives concerning Women's Participation and Advancement" with Company B on the following three aspects. (1) To confirm the background of Company B's goal setting and the effectiveness of its initiatives, in the face of industry-specific difficulties; (2) to obtain support for the Investor Group Y's hypothesis that the promotion of women's workplace participation is effective to overcome Company B's management issues, and to share the understanding between the two companies; and (3) to discuss how the company can improve disclosure and communication with the market in order to increase the corporate value, and to eliminate the discount for the industry.

Engagement Details and Comments from the Company

— While the dialogue about the management issue is usually held with the management team, in light of the purpose of confirming the background and effectiveness of the target setting and initiatives, we had a group dialogue this time, including five people from Company B (from CSR and IR/PR), and an analyst, a fund manager and a person in charge of voting rights from Investor Y. Company B cited the fact that it had many contacts with foreign companies, and the idea that the promotion of women's participation in the workplace would contribute to the creation of an innovative labor force was easily disseminated within the company as the reason for its active promotion of diversity, despite the difficulties as a job category. It was also confirmed that the company has the systems in place to raise awareness of this issue (e.g. encouraging young employees to work overseas), and to smoothly accelerate these initiatives (e.g. relaxing the grounds for transferring to a new position, such as limiting the scope of transfer). As a result, Company B has received positive results in terms of recruitment and organizational management, and was able to recognize its willingness to take positive steps in the future.

Investor Group Y communicated that the company's information dissemination appeared to be modest compared to the level of its efforts and awareness, and requested disclosure of data showing the results of the initiatives. We had two engagement opportunities, and the second one was held after collecting information on overseas companies that Company B mentioned, which allowed us to further deepen the discussion.

Case Engagement Results and Future Prospects

2

— Company B management is facing the challenge of transforming its business structure in terms of dealing with climate change issues and stagnant domestic demand. We hope that the company's initiative to promote women's participation in workplace will create a culture of diversity and inclusion, and that the recruitment of talented people and their achievement will help to overcome these management issues and lead to a progressive management strategy. In this regard, we would like to have another dialogue with the management in this regard. We will continue a multi-layered dialogue on the promotion of gender diversity with Company B, which is proactively tackling this issue despite the difficult nature of its industry.



Company C (Electrical equipment)

Issues identified by Investor Group Z — Company C is a globally expanding electric equipment manufacturer included in TOPIX Mid 400. Although the company has been working to strengthen corporate governance, improve disclosure and promote the active participation of female employees, it had no female directors yet. Investor Group Z had the impression that Company C did not consider the appointment of female directors as a high priority due to its business characteristics. Investor Group Z has had continuous discussions with the company for several years about ensuring diversity on the board, including female directors.

Engagement Details and Comments from the Company — Investor Group Z has been holding continuous dialogues with the directors of Company C on ensuring diversity of the board since 2014. Although Company C had been actively working on career support and medium- to long-term development plans to promote the active participation of female employees, Investor Group Z's impression was that the appointment of female directors was not a high priority for the Company C because of its business characteristics as a B2B electrical equipment manufacturer and of the fact that the female employment ratio was not high enough. However, as Company C continued to exchange views on ensuring diversity on its board of directors, including the perspectives of women, at its almost annual dialogue with the Investors Group Z, it began to incorporate the views of a range of investors, including the Investors Group Z. and its perception of board diversity changed. In the latest dialogue, Investor Group Z received a response from Company C stating that it would like to ensure that the composition of the board of directors is balanced in terms of gender, nationality and skills. In June 2021, the company appointed a female independent director. In addition, in order to increase the number of female director candidates within the company, Company C has established a talent development pool program, and has set specific numerical target for female managers was set as one of the KPIs in the medium-term management plan. In terms of the content of the initiatives, Company C is taking detailed measures according to job level, such as formulating and checking the progress of development plans for each female leader candidate, and conducting training for female employees to develop their careers and raise awareness among managers. Given the nature of its business where the ratio of female employees is not high, it is highly commendable that Company C's awareness of improving governance has evolved over many years of dialogue, and that Company C is proceeding with specific goal setting and initiatives.

Engagement Results and Future Prospects — Company C is willing to ensure a female perspective in terms of diversity on the board of directors. In order to have female directors from within the company in the future, Company C is promoting a wide range of initiatives with specific numerical targets, such as increasing the ratio of female managers and expanding the number of new female employees and others etc. Investor Group Z highly evaluates Company C's measures, and will follow up on progress by continued engagement on how to further raise the target figures and achievements of various initiatives.

Company D (Medical Equipment)

Issues identified by Investor Group V — Company D, a medical device manufacturer, believes that diverse human capital is indispensable for achieving sustainable growth, and is working on 'work-life integration' aiming to balance work and life. The promotion of women's participation in the workplace is an important issue in promoting 'work-life integration.' However, the ratio of female managers and employees, as well as the ratio of male employees taking parental leave, are still at low levels. Since 2018, Investor Group V has had five engagements on the theme of diversity and inclusion. As of August 2020, the percentage of women in managerial positions was 3.6%, which is significantly lower than the percentage of women in full-time positions (15.8%). In FY2020, there were no female directors, so in addition to conducting the engagement, the Company voted against all members of the Nominating Committee in accordance with Investor Group V's proxy voting policy.

Engagement Details and Comments from the Company — During an engagement with Company D, Investor Group V highlighted that diversity is an important issue for all companies. When considering the shrinking workforce in Japan, companies with diverse employee bases are likely to be more competitive and better able to recruit the best talent, which, as shown in numerous studies, should have a positive impact on the company's future performance. The investor also requested Company D to explain their efforts to promote diversity at the Board of Directors and at the company level, as well as their future policies. The company recognized the absence of women directors and the low ratio of women in managerial positions, and is working to improve by 1) accelerating the development of female candidates for managerial positions, 2) enhancing the working environment to improve balance work and life, and 3) strengthening their recruitment of women. The Japan government's most recent General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace aims to increase the number of women in managerial positions, enhance work-life balance support programs such as telecommuting and childcare leave, and increase the ratio of women newly hired as graduates. Additionally, Investor Group V also focused on the ratio of male employees taking parental leave, as it represents the ease of male employees' participation in childcare, and it is important for understanding the working environment and culture of the company.

Engagement Results and Future Prospects — Company D's diversity efforts have progressed rapidly over the past year, and at the 2021 Annual General Meeting they appointed a female independent director. The ratio of women in the company as a whole is also increasing. Management development programs, education for managers on employee development, mentoring system with women managers as role models, and position specific training at the time of promotion appeared to be successful. Company D will continue to actively recruit women and support women's careers, and will consider strengthening disclosure of its efforts. Member V hopes to see further improvements from Company D. For example, the investor considers one woman director to be insufficient, and requested the company to continue improving the diversity of the board and the company as a whole. Investor Group V will continue to monitor the company's progress in promoting gender diversity.



Case

5

Company E (Office Equipment)

Issues identified by Investor Group W

— Company E is a major office equipment company in TOPIX Mid 400. The Board of Directors appoints one female independent director out of 10. The company has been very active in the disclosure of ESG, issuing environmental reports since the 1990s and integrated reports since 2012. With regard to the environment, the Company E's activities have been outstanding, including the participation in various global initiatives from the early stages. We also engaged in dialogue to gain a deeper understanding of the relationship between its social and human resource initiatives and the corporate value, and to convey investors' opinions on diversity.

Engagement Details and Comments from the Company

— Company E has been actively engaged in ESG for many years and has made and extensive disclosures. In recent years, top management has expressed a message that it will work to resolve social issues through business and strengthen the management base that supports it in order to realize a sustainable society. Investor Group W held a dialogue with an Executive Officer who is in charge of Sustainability and Human Resources. Regarding initiatives related to diversity, from the viewpoint of promoting the activities of diverse human resources and reviewing work styles to support work-life balance, various in-house study sessions and seminars were held and the structure to realize a flexible work-style was introduced. In addition, as one of the indicators to measure the results of various initiatives, the gap in the length of service between men and women used to be greater for men than for women, but it has gradually narrowed over the past 20 years, and since FY2015, there has been at the same level for both genders, with women sometimes exceeding men. It also shows the data of number of male and female employees taking paternity leave and the utilization rate of the system, which has made the investor recognize that Company E is actively addressing ESG issues such as diversity from the perspective of expanding corporate value, with the commitment of top management. The investor group W invited Company E to join the 30% Club Japan as the company was gradually achieving results through a wide range of initiatives aimed at increasing the value of the company in terms of building a future talent pipeline. At the time, the company had not been finalized its participation in the Club, because the absolute level of the ratio of female executives and managers was not necessarily high, and because there were gaps in that level between its domestic and overseas locations. Nonetheless, Investor Group W conveyed its view that the level of Company E's disclosure and efforts were highly appreciated and the company was well qualified, and that the participation in the Club would even help motivate the company to take its commitment further.

Engagement Results and Future Prospects

— After that, Company E has officially decided to join the 30% Club Japan. The company is currently restructuring its business portfolio and revamping its organizational structure. We recognize that there is an affinity between initiatives to address ESG issues such as diversity and measures to expand corporate value. Investor Group W will continue the dialogue to see progress on the company's human capital strategy, including gender diversity on the board and plans to develop talent pipeline.



Thought Leadership Events

The Investor Group will publicize the importance of gender diversity in important decision-making bodies such as the Board of Directors through events hosted by the Thought Leadership Subgroup. We also plan to continue to conduct a series of interviews with female directors published in this report.

30 July 2021

The Thought Leadership Subgroup hosted a webinar entitled "How gender diversity contributes to increasing corporate value".



Facilitator
Yoshio Hishida
Investor Group Chair
President and Representative
Director, Sumitomo Mitsui Trust
Asset Management Co., Ltd.

Panelist
Ms. Masako Egawa
Distinguished Professor,
Graduate School of
Management, Hitotsubashi
University
Ms. Miki Oikawa
Representative Director and
President of POLA, Inc.
Ms. Akiko Koda
Director, Head of Executive
Office and Human Capital
Management, Co-CAO,
Goldman Sachs Japan, Inc.

The Investor Group is committed to sharing the challenges of improving awareness. We will take various opportunities to promote the importance of corporate value and gender diversity.

November 2020

Online media briefing on the Investor Group's Annual Report, following the publication in October 2020



Gaining new members

The number of members of the Investor Group has increased to 28 asset managers and asset owners as of December 2021, which was only four when it was first established. (Please see the page 20 for a list of member companies).

4

Female Leader Interview Series

The 30% Club Thought Leadership Subgroup has interviewed six women leaders so far and conducted four interviews in 2021. In the interviews, we asked women leaders regarding issues and future prospects for promoting diversity at the board level as well as throughout the company, and heard excellent advice for companies and future female leaders.



Ms. Emiko Higashi
(Managing Director, Tomon Partners)

“It requires mindset changes for the entire company if they really want to promote diversity and promote employees regardless of gender.”

A Japanese and global perspective on the boardroom

Oasis Management's Nasrine Ghozali interviews Emiko Higashi, Managing Director of Tomon Partners, about her perspective and experiences in the boardroom and throughout her career in investment banking, venture capital, and corporate strategy. Higashi, one of three women among 300 managing directors during her time at Merrill Lynch, has served on the boards of Stentor, Inc., ZEN Research, BUILD, KLA (NASDAQ), Rambus (NYSE), Takeda Pharmaceutical (TSE&NYSE), and Sanken Electric (TSE). In addition, she has been involved in numerous tech M&A transactions for clients including Cisco, DSP Communications, Hyundai Electronics (Hynix), IBM, KLA-Tencor, and Xerox. From Tokyo to Silicon Valley, Ms. Higashi shares openly about her professional journey and path to the boardroom, covering challenges, successes, mentors, views on Japanese corporate culture, and practical advice for aspiring board directors.



● Click here for the full interview
https://30percentclub.org/assets/uploads/UK/Interview_of_Emiko_Higashi_final_J_disclaimer.pdf



Ms. Kathy Matsui

(Former Vice Chairman of Goldman Sachs)

“Diversity is not optional; rather, it is essential for [the company’s] survival.”

Womenomics and How to Nurture Female Employees

Chris Vilburn of Goldman Sachs Asset Management spoke with Ms. Kathy Matsui, former vice chairman of Goldman Sachs, about the current state of Japanese women’s empowerment, the key points to nurturing female employees, and why companies need to promote diversity. Ms. Matsui is a leader for women empowerment, having coined the term “Womenomics” in her seminal report series beginning in 1999, and more recently published the book How to Nurture Female Employees in 2020. Amidst a high unemployment rate among temporary and part-time employees due to the influence of COVID-19, Ms. Matsui provides her views on the accelerating digitalization of work and implementation of telework from the perspective of promoting women’s advancement. She also talks about her early “Womenomics” research, what has progressed during the 20 years up to “Womenomics 5.0” in 2019, and what remains to be done in Japan.



● Click here for the full interview

https://30percentclub.org/assets/uploads/UK/final_combined_Vol3.pdf



Ms. Yuko Kawamoto

(Professor, Graduate School of Business and Finance, Waseda University)

“If the Board of Directors is diverse, each director perceives issues and risks differently.”

Diversity and Corporate Governance

Chris Vilburn of Goldman Sachs Asset Management discusses the relationship between board diversity and governance with Ms. Yuko Kawamoto, a professor at Waseda University’s Graduate School of Business and Finance. Ms. Kawamoto started her career at the Bank of Tokyo (currently MUFG Bank, Ltd.), and after working at McKinsey & Company, she now serves as an external director of numerous companies including SoftBank Group. In the interview, Ms. Kawamoto also speaks on the difference between having only one woman director on the board and having multiple women directors, and how having diverse directors can have a positive impact on corporate governance. She also provides some advice to corporates on how to promote diversity at the board level.



● Click here for the full interview

https://30percentclub.org/assets/uploads/UK/final_combined_Vol4.pdf



Ms. Anna Dingley

(External Director, Nihon M&A Center)

“I think there is a very talented pool of potential women directors in Japan, and companies have to be creative in how to find them.”

On Boardroom Diversity

Neuberger Berman’s Kei Okamura spoke with Ms. Anna Dingley, an External Director of M&A consulting firm Nihon M&A Center, regarding her role as the company’s first ever female non-Japanese external director and how she performed her duties from the UK during the pandemic. She also discusses her experience working with another female director to promote gender diversity within the boardroom as well as throughout the entire company. She also shares tips on how other Japanese companies can identify and attract talented female external directors. Ms. Dingley is the Founder and Managing Director of consulting firm Japan Connect that advises companies on international business development in Europe and Japan. Ms. Dingley was previously on the Board of the Japan Society, UK and was also an Executive Director in Equities at JP Morgan Securities in Tokyo. She was also the former Business Development Director of Tokyo AIM –a joint venture between the London and Tokyo Stock Exchanges. She currently lives near London with her husband and young son.



● Click here for the full interview

https://30percentclub.org/assets/uploads/UK/30_Club_Japan_IG_-_Neuberger_Berman_interview_with_Ms_Anna_Dingley_JPN.pdf

You can read last year’s interviews here.



Ms. Yōko Ishikura

(Professor Emeritus, Hitotsubashi University)

Diversity on the Board of Directors



● Click here for the full interview

https://30percentclub.org/assets/uploads/UK/final_combined_Vol1.pdf



Ms. Junko Okawa

(Representative, External Affairs, Japan Airlines Co., Ltd)

Building a Company Where Women Can Succeed



● Click here for the full interview

https://30percentclub.org/assets/uploads/UK/NEW_final_combined_Vol2.pdf

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Future Plans

The Investor Group Best Practices Subgroup aims to promote activities that will increase corporate value by improving gender diversity.

Creating a Toolkit for Good Dialogue

We are considering the creation of a toolkit to share our know-how in order to produce results in the collection of dialogue best practices and to implement effective dialogue that brings awareness to both companies and investors. The Investors Group of the 30% Club UK has already published a toolkit for conducting more effective dialogue to achieve an increase in the proportion of female executives.

● UK Investor toolkit for engaging boards on diversity

<https://30percentclub.wardourdigital.co.uk/initiatives/investor-group>

Best Practices Gender Disclosure from Investors' Perspective

With regard to the disclosure on gender and diversity, various data and formats are being reviewed and implemented by each company. We plan to provide information on desirable gender-related disclosure from the perspective of investors.



Final remarks

This is the second Annual Report of the Investor Group. Thanks to the great efforts of each member of the Best Practice Subgroup, we were able to have five best practices dialogues as we did in the previous year. In addition to these introduced here, many other dialogues provided good insights. We hope to continue to improve our dialogues through the creation of toolkits and so on. The Thought Leadership Subgroup held a webinar in addition to the interviews with women leaders. The Investor Group will continue to engage in activities that benefit stakeholders in the investment chain.

Best Practice and Reporting Subgroup

In this report, we continue to provide examples of best practices in board diversity dialogue, including not only board composition but also pipeline development. We hope you can see how we are expanding our dialogue beyond board composition to include pipeline development. Investor Group's activities have expanded to include more interviews with female leaders, webinars, and discussions with female independent directors. We would like to welcome comments and feedbacks from companies and investors to get more insights for our future activities.

I would like to once again thank all the members of the Investor Group for their daily activities and for their great cooperation in this Annual Report.

Kaoru Kobu

Investor Group Vice Chair / Best Practices & Reporting Subgroup

Disclaimer: The English version is a translation of the original in Japanese and is for information purposes only. In case of a discrepancy, the Japanese original will prevail.

30% Club Japan Investor Group Members (in alphabetical order as of December 2021)

- Asset Management One Co., Ltd.
- BNY Mellon Investment Management Japan Limited.
- Baillie Gifford & Co.
- BlackRock Japan Co., Ltd.
- Capital International k.k.
- Dai-ichi Life Insurance Company, Limited
- Daiwa Asset Management Co., Ltd.
- Deutsche Asset Management (Japan) Limited
- Federated Hermes
- FIL Investments (Japan) Limited
- Goldman Sachs Asset Management Co., Ltd.
- Government Pension Investment Fund (GPIF)
- INVESCO Asset Management (Japan) Limited
- J.P. Morgan Asset Management Japan Co., Ltd.
- Legal & General Investment Management Japan
- MU Investments Co., Ltd.
- Manulife Investment Management (Japan) Ltd.
- Mitsubishi UFJ Trust and Banking Corporation
- Neuberger Berman East Asia Limited
- Nikko Asset Management Co., Ltd.
- Nissay Asset Management Corporation
- NOMURA Asset Management Co., Ltd.
- Oasis Management Company
- Resona Asset Management Co., Ltd.
- State Street Global Advisors (Japan) Co., Ltd.
- Sumitomo Mitsui DS Asset Management Company, Limited
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- Wellington Management Japan Pte Ltd

Contact

30% Club Japan website
<https://30percentclub.org/about/chapters/japan>

30% Club Japan Twitter account
[@30percentclubJ1](https://twitter.com/30percentclubJ1)

Investor Group contact information

This Report and Best Practices
minoru.b.matsubara@resona-am.co.jp
hara_kyouko@smtam.jp
kaoru.kobu@invesco.com

Interviews with
female outside directors,
thought leadership, etc.
Mayu.k.Nishimura@gs.com

Photo courtesy of Invesco (P6, P14)